

Non-compete clauses have traditionally been used to protect trade secrets and were linked with highly compensated managerial and executive employees. Unfortunately, non-compete clauses are now more widespread and are shifting to affect all workers - including those with low wages.

35% of those without a college degree report having signed a noncompete agreement (see “States Must Act to Protect Workers from Exploitative Noncompete and No-Poach Agreements”, Center for American Progress, 2019).

Employees working as home health care workers, housecleaners, food service staff, or caretakers in group homes or nursing facilities, do not have the same specialized training as salaried employees but are being asked to sign non-compete agreements as part of the hiring process.

These workers are unlikely to possess sensitive information or have access to trade secrets.

The increasing state trend is to limit or ban the use of non-compete clauses. At least 27 states have enacted some limitations. In July of 2021, the federal government issued an Executive Order that set the stage for states to limit the use of non-competes and other agreements that limit worker mobility (Executive Order 14036, 7/9/21).

Non-compete agreements can suppress wages for the lowest-income people in the state. These workers fear violating a non-compete if they leave their jobs for better offers or opportunities.

Prohibiting non-compete clauses for those making less than 3 times the minimum wage, means low wage employees would not be prevented from finding or changing jobs because of a non-compete clause.

Non-compete agreements impact wage growth, job mobility and career development. They are far more likely to have a harmful impact on low wage workers who are the least likely to be a threat to the business they are leaving.

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